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## OLR Bill Analysis

### sHB 5034

#### ***AN ACT CONCERNING RETIREMENT PROVISIONS RELATING TO JUDGES, FAMILY SUPPORT MAGISTRATES AND COMPENSATION COMMISSIONERS.***

#### **SUMMARY:**

This bill makes numerous changes to the retirement benefits and requirements for judges, family support magistrates, and compensation commissioners, whose retirement system is separate from the State Employees Retirement System (SERS). This system has its own pension fund, is governed by statute, and is not subject to collective bargaining.

The bill:

1. changes how cost of living adjustments (COLAs) are calculated and, after this year, ends COLAs for the surviving spouses of those officials who retired or died in office before October 1, 2011;
2. changes how retirement benefits are calculated for (a) compensation commissioners who began serving on or after July 1, 2011, and (b) family support magistrates who began serving before July 1, 2011;
3. increases retirement age requirements for officials with at least ten, but less than 25, years of service;
4. allows judges to maintain their current retirement requirements by increasing their contributions to the retirement system; and
5. makes various minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage

**COST OF LIVING ADJUSTMENTS**

The law provides an annual COLA to the pensions received by retired judges, family support magistrates, and compensation commissioners. Under current law, the COLA matches the previous year's increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), up to 3% for those officials who retired on or before September 2, 2011. The bill extends this retirement date threshold to October 1, 2011.

Current law allows a 2% maximum COLA for those officials who were in service on or after September 1, 2011. The bill removes the 2% limit and instead sets the COLA for any official who retires after October 1, 2011, as the same as those for retired state employees in SERS who retire after October 1, 2011. The COLA for these SERS employees must be between 2% and 7.5% and calculated as 60% of the annual CPI-W increase, up to 6%, plus 75% of any annual CPI-W increase over 6%.

***Surviving Spouse Colas***

The law also provides COLAs to the surviving spouses of deceased judges, family support magistrates, and compensation commissioners eligible for retirement benefits. For the surviving spouses of those officials who began serving after January 1, 1981, current law limits the COLA to a 3% increase through 2011, and a 2% increase after January 1, 2012.

The bill ends COLAs for any surviving spouse whose deceased spouse did not serve as a judge, family support magistrate, or compensation commissioner after October 1, 2011. Under the bill, COLAs for the surviving spouses of officials who serve after that date must be the same as the COLAs given to SERS retirees who retire after October 1, 2011.

**COMPENSATION COMMISSIONERS**

By law, a compensation commissioner's retirement benefit and the allowance paid to a surviving spouse is based on the commissioner's salary. For those who began serving after January 1, 1981, current law

bases the benefit on the annual salary the commissioner was receiving at the time of his or her retirement or death. For retired compensation commissioners who received longevity payments, the law also provides a benefit increase based on the amount of time served as a compensation commissioner.

Under the bill, the retirement and surviving spouse benefit for compensation commissioners who begin serving on or after July 1, 2011 is based on the commissioner's average annual salary over the five years immediately preceding his or her retirement or death. The bill also broadens the service time used to calculate their longevity benefit increase to include the commissioner's total state service and service as an elected official.

### **FAMILY SUPPORT MAGISTRATES**

PA 11-61 changed the definition of the "salary" used to determine the retirement benefits paid to all family support magistrates and their surviving spouses from the annual salary payable at the time of retirement to the magistrate's average annual salary over the five years preceding his or her retirement or death. The bill returns magistrates who began serving before July 1, 2011 to the prior definition of salary (the annual salary payable at the time of retirement) and applies PA 11-61's definition (average annual salary over the five years preceding retirement) only to those magistrates who began serving on or after July 1, 2011. As under current law, retired family support magistrates who received longevity payments receive a benefit increase based on the amount of time served as a family support magistrate, regardless of when they began serving.

### **SERVICE AND AGE REQUIREMENTS**

PA 11-61 established new service and age requirements for judges, family support magistrates, and compensation commissioners who retire on or after July 1, 2022, requiring them to have either (1) 25 years of service and be at least 63 years old or (2) 10 years of service and be at least 62 years old, to qualify for a normal retirement benefit. The bill increases the age requirement, from 62 to 65, for those officials with at least 10, but less than 25, years of service.

The bill eliminates eligibility for a retirement salary for a judge retiring on or after July 1, 2022 who does not meet these requirements but (1) is at least age 63, (2) served at least 16 years as a judge, (3) was nominated by the governor for another term, and (4) was not reappointed. (An identical provision remains in statute for judges who retire before July 1, 2022 (CGS § 51-50a(a)(3)).

The bill also specifies that for judges, family support magistrates, and compensation commissioners retiring on or after July 1, 2022, (1) the normal retirement benefit is two-thirds of their “salary,” as defined in the bill and various statutes, and (2) the benefit for officials who retire with less than 10 years of service is reduced by the ratio an official’s completed service years has to the lesser of either the number of service years the official would have had at age 70 or 10 years. Current law applies the same provisions to officials retiring before July 1, 2022.

#### **OPTION TO MAINTAIN CURRENT REQUIREMENTS**

The bill allows judges who are serving when it is enacted to make a one-time irrevocable decision to maintain their current normal retirement requirements, regardless of the changes scheduled to occur on July 1, 2022, by increasing their contributions to the retirement system. The amount of the increase must be the actuarial pension cost of maintaining eligibility in the existing plan, as determined by the retirement system’s actuaries and provided to the judges by the Retirement Division of the Office of the State Comptroller. The bill requires the State Employees Retirement Commission to prescribe the form used to indicate a judge’s decision. Judges must decide to participate by July 1, 2013. Judges who make a successful agency error claim to the State Employees Retirement Commission must make payments according to the state’s usual practice.

#### **REDUCED BENEFITS FOR OFFICIALS WHO RESIGN**

Under current law, judges, family support magistrates, and compensation commissioners can receive a reduced retirement benefit if they resign after serving for at least 10 years, but prior to meeting normal retirement requirements. The bill specifies that the reduced

benefit for any officials who resign after October 1, 2011 is calculated as a fraction of the benefit they would have received if they had been eligible for normal retirement when they resigned. This fraction is the ratio between an official's completed service years and the lesser of either the number of service years the official would have had at age 65 or twenty years. The bill also makes minor and technical changes to these provisions.

**COMMITTEE ACTION**

Judiciary Committee

Joint Favorable Substitute

Yea 45 Nay 0 (03/28/2012)